

21st Global Economy Lecture: “How should Europe meet the duty of rescue towards the displaced and the poor?”

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On November 28, 2016, the Oesterreichische Nationalbank (OeNB) hosted the 21st Global Economy Lecture¹, which was delivered by Sir Paul Collier, Professor of Economics and Public Policy at the Blavatnik School of Government, Oxford University, and a Professorial Fellow of St Antony’s College. Professor Collier started his lecture by elaborating on the two aspects of a society’s so-called duty of rescue: The first aspect is that it is commonly understood by societies that there is a duty to help when someone is in need. Applying this ethical consensus to displacement, this means that the *normal life of displaced people needs to be restored*. Collier defines displacement as a situation in which people have to abandon their place of living because they are facing threats from social breakdown, famine, war, etc. Displacement is not confined to those who have to cross international borders, which applies only to a small share of refugees, but also refers to people that have to leave their local environment and seek refuge elsewhere in their country. The second aspect of the duty of rescue is the common understanding that it is the duty of society to collectively *bring back hope when someone is in despair*.

In Collier’s view, neither of these two objectives can be achieved by migration to far-removed destinations (i.e., in the current situation, Europe). After all, displaced persons or refugees do not migrate because they are seeking better chances, but because they are looking for safety. Refugees, in general, do not seek a “honeypot” destination but a safe haven, which is similar to their home and where normality can to some extent be restored. Often, the chosen countries, among them Iran and Pakistan, share characteristics of being relatively safe countries in disrupted regions.

Paul Collier criticized that the post-war refugee institutions – the Geneva Convention and the UNHCR – are no longer sufficient instruments for responding to the current refugee challenge. The Geneva Convention was established in the context of the cold war, offering rescue for politically persecuted individuals from their governments. Political refugees today only account for a small share. The UNHCR, on the other hand, was established to address the post-war refugee situation in Europe, offering temporary shelter and food. At present, longer-term care would need to be installed in order for refugees to be able to integrate and earn a living.

Collier claimed that Europe has failed to provide the so-called safe havens with the financial aid necessary to enable the displaced to stay near their former homes. He added that Europe could provide development aid by outsourcing some of its economic activities to those regions, which have labor but no effective employment opportunities and infrastructure. Once the situation in the refugees’ home countries is safe again, the new knowledge acquired by the refugees is brought back to their origin countries, which Collier sees as vital for post-conflict recovery.

Professor Collier also criticised that Europe has failed to assess the effects of an uncontrolled influx of refugees to Europe on the conflict countries themselves. Since the costs for the exodus to Europe are extremely high, mostly well-educated

¹ The Global Economy Lecture is an annual event organized jointly by the Oesterreichische Nationalbank (OeNB) and The Vienna Institute for International Economic Studies (wiiw).

people from wealthier families have been able to reach Europe, leading to a brain drain that will prove problematic for the recovery process once the local situation improves.

As a solution, he suggested to offer education and – more importantly – to bring economic opportunities to these (mostly African) countries. However, since the affected countries often lack what he termed “organizational capital” and because of high risks involved, modern firms whose business models rest on the principles of high productivity, scale effects and specialization, avoid these markets. Therefore, effective state subsidies would be required to provide incentives for firms to act as pioneers in these regions.